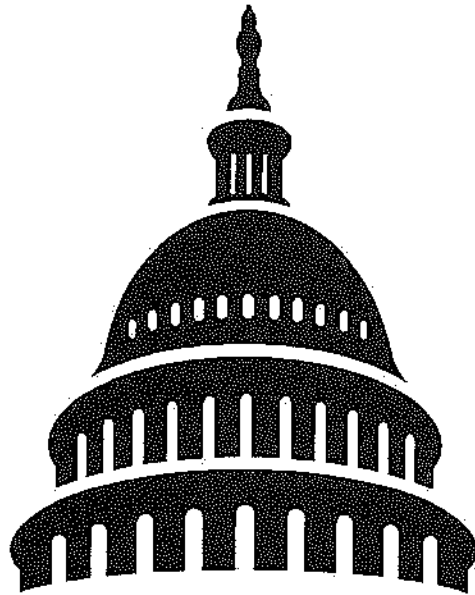


**Architect of the Capitol
Office of Inspector General**



**ARCHITECT
OF THE CAPITOL**

AUDIT REPORT

**AUDIT OF INFORMATION TECHNOLOGY (IT)
PROPERTY ACCOUNTABILITY**

**OIG Report A - 2017 - 02
May 8, 2017**



Architect of the Capitol
U.S. Capitol Room SB-16
Washington, DC 20515
202.228.1793

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United States Government

MEMORANDUM

DATE: May 8, 2017

TO: Amy Johnson, Chief Administrative Officer

FROM: Christopher P. Failla, Inspector General *C. Failla 5/8/17*

SUBJECT: Audit of Information Technology (IT) Property Accountability, Office of Inspector General (OIG) Report A-2017-02

This memorandum transmits the final OIG Audit Report A-2017-02, which includes findings and recommendations on IT Property Accountability. We held an exit conference on April 5, 2017 to discuss audit results. The Architect of the Capitol (AOC) concurred with the recommendations.

The next step in the audit resolution process is for AOC management to provide a Management Decision on how they intend to implement the recommendations no later than six months from the date of this report. A Notice of Final Action taken by AOC management to implement the agreed upon recommendations is due one year from the date of the final report. Information on OIG report resolution is located on I:\aocwide\ReportResolution. If you have questions or wish to discuss the report, please contact Ashton Coleman, Jr., Assistant Inspector General for Audits, at 202.593.0261 or ashton.coleman@aoc.gov.

Copy to: The Honorable Stephen T. Ayers, FAIA, LEEP AP, Architect of the Capitol
Christine A. Merdon, P.E., CCM, Chief Operating Officer
Jay Wiegmann, Chief Information Officer
Shalley Kim, Executive Officer

Executive Summary

Information Technology (IT) resources play an important role in the AOC's mission and operations. Due to the challenges faced by the Information Technology Division (ITD), our office performed an audit of IT asset accountability. The objective was to determine whether accountable IT property has been properly identified and recorded.

AOC Order 8-4, Accountable IT Property (April 24, 2015) describes the processes and requirements for the use of accountable IT property by AOC employees, contractors and others. It also defines accountable IT property as property that has an acquisition value of \$500 or greater, but less than \$25,000, or any mobile telecommunication devices regardless of value (this includes mobile phones, tablets, and laptops). ITD's annual physical inventory process consists of ascertaining whether IT property exists in the location specified in the Cireson Total System Management (Cireson), an information system database ITD uses to verify, record, and track IT inventory.

Our examination of accountable IT property was limited to the physical inventory of IT assets at various locations across AOC to ensure IT assets were properly accounted for. Our audit test indicated that the inventory database was inaccurate and incomplete. Specifically, the review found instances where IT assets recorded onto Cireson:

- Could not be physically located
- Had asset tag numbers that did not match
- Were missing or had incorrect information
- Were duplicated

Full implementation of AOC policies as well as data and system integration issues have hindered ITD's ability to produce accurate IT inventory records. These weaknesses contribute to ITD's inability to accurately record, maintain and monitor IT assets. Although ITD staff work to overcome challenges and take the necessary strides for full implementation of AOC Order 8-4, ITD also needs to improve processes to support sound decision-making and oversight.

We recommended actions to improve tracking and effective management of accountable IT property to decrease the risk of asset misappropriation and theft. We presented management with a draft copy of this report for review and comment at the exit conference held on April 5, 2017. AOC agreed to and provided details on the implementation of our recommendations. We incorporated those comments into our report where appropriate as well as included a complete copy of the AOC comments on page 7 of this report.

Background

In the OIG's 2014 Management Challenges, we expressed concerns relating to the inventory program managed by a contractor for AOC. We identified that the process was prone to significant errors in accuracy and lost accountability of government property through inadequate distributing and receiving procedures. The inventory at that time also contained significant overages of stored property that was not on prior inventory records.

In response to our concerns, ITD (i) established policies to capture and document IT accountability processes (dated April 2015); (ii) purchased and implemented an inventory software to improve functionality and address current asset management shortfalls (purchased March 2015); and (iii) completed a wall-to-wall asset audit with the assistance of the contractor to confirm the presence and location of accountable IT property (started July 2015).

The AOC's Property Management Program controls the receipt, storage, distribution, tracking and disposition of accountable IT property. ITD is responsible for providing IT assets to users to perform required and authorized work assignments to further the mission of the AOC. Cireson, an information system database, is used to verify, record, and track IT inventory. This system provides asset managers with an effective lifecycle view that also shows a particular asset's current location. The Cireson database consists of accountable asset types defined as access points, computers, desktops, IP phones, mobile phones, tablets, laptops, monitors, networks, peripherals, plotters, printers, projectors, internal drives, switches, and uninterrupted power supplies. AOC uses various systems and processes that associate the cost of the IT equipment captured in its inventory.

Additionally, ITD enlisted a contractor to assist with providing IT assets to users (employees, contractors and others). The contractor is required to process and manage IT asset inventory. This includes but is not limited to receiving, storing, disbursing, identifying excess, maintaining thresholds, and entering data onto the asset management system. The contractor is also required to provide the following specialized IT asset management services:

- Asset tracking – provide hardware and software asset management oversight activities throughout an asset's lifecycle, and complete reconciliation activities, data compliance reviews, trend analysis, periodic inventory reviews, and operational compliance reviews.
- Provisioning of equipment – coordinate with the Help Desk Team to provision equipment to users and periodic replacement of assets.
- Data security – exercise extreme care with regard to data during redeployment or redistribution and ensure receipt of the asset is properly recorded, data is properly removed using approved software tools, and hard drives are destroyed using approved methods.

Objective, Scope and Methodology

The objective for this audit was to determine whether accountable IT property had been properly identified and recorded. To meet this objective, we (i) reviewed AOC policies and procedures on IT accountable property; (ii) conducted interviews with AOC officials to gain an understanding of ITD processes related to property management; and (iii) analyzed the inventory database. In addition, we used statistical sampling software to determine the sample size from the database of 4,801 assets. We randomly selected 94 accountable assets to verify that the physical location was accurately recorded.

For the intended purposes of this review, we relied on Cireson's computer-processed data. We believed that the absence of testing general and application system controls would have no effect on our results and limited procedures conducted were adequate to support the finding and recommendation presented in this report.

We conducted this audit on IT property accountability from August 2016 through February 2017 under the authority of the Architect of the Capitol Inspector General Act, and in accordance with Government Audit Standards. These standards require that we plan and perform the audit to obtain sufficient and competent evidence to provide a reasonable basis for findings and conclusions based on audit objectives.

Criteria

AOC Order 8-4, Accountable IT Property, describes the processes and requirements for the use of accountable IT property by AOC employees, contractors and others. Accountable IT property is defined as IT property (fixed and mobile) that has an acquisition value of \$500 or greater, but less than \$25,000, or any mobile telecommunication devices regardless of value. Fixed IT assets are those that are not easily movable, such as a personal computer or printer. Mobile IT assets are those that the user can easily carry with them. The majority of IT assets, which includes mobile phones and desktop assets, are less than the \$1,500 accountable property minimum defined in AOC Order 32-5, Capital Assets and Personal Property Manual 34-45.

Key officials in the property management structure consist of the IT Property Manager (ITPM), IT Accountable Property Officer (APO), and IT Property Custodian (PC). Roles and responsibilities include, but are not limited to the following:

ITPM's

- Administer an effective accountable IT property management program within the AOC.
- Provide leadership, visibility and guidance in all phases of the asset life cycle including control, protection, preservation, maintenance and authorized usage.
- Provide training and support to APO's, PC's, and IT federal and contractor staff performing IT property management duties and responsibilities. Training will be conducted to cover data input of assets, maintenance and report generation required to manage reviews and audits of IT assets.

- Monitor the designated APO's and PC's to assist with the performance of IT property management functions.
- Establish a schedule to conduct and report on a complete physical inventory of their area at least annually.
- Verify that physical inventories for the AOC's custodial areas are performed in compliance with inventory reporting requirements.
- Report physical inventory and inventory count results for the AOC's custodial areas to the Chief Information Officer or their designee at least annually.
- Verify that accountable IT property is recorded in the IT property management system.
- Conduct audits of select areas on and off campus to verify data entries, audit reports and visual inspections within areas of responsibility.
- Evaluate incidents of lost, damaged or destroyed accountable IT property and promptly recommend when initiation of the Board of Survey process, as defined in AOC Manual 34-45, may be warranted, to the Chief Information Officer or their designee.
- Participate, as needed, in the Board of Survey process, defined in AOC Manual 34-45.
- Maintain accurate records of decommissioned IT property retired from the accountable IT property management system, including transfers, disposals and loans.
- Ensure appropriate physical removal of decommissioned IT property that is retired from the accountable IT property management system.

APO's

- Account for accountable IT property in their respective jurisdiction or office.
- Put appropriate mechanisms and controls in place to maintain the records in the accountable IT property management system associated with the accountable IT property in their accountable area.
- Designate custodial areas within their accountable area and work with their Superintendent, Chief Executive or Director to appoint property custodians for each custodial area.
- Plan, conduct and report on physical inventories of their accountable IT property as requested by the ITPM. A full inventory will be requested at least yearly.
- Promptly investigate and reconcile any discrepancies with their property records in the accountable IT property management system.
- Promptly notify the ITPM of any incidents of lost, damaged or destroyed accountable IT property that occur in their accountable area, and assume the responsibilities of the Accountable Property Officer in AOC Manual 34-45, section 4.5.1, concerning reporting an incident of lost, damaged or destroyed property, as needed.
- Notify the IT Help Desk when any accountable IT property is no longer needed.

PC's

- Oversee the day-to-day performance of accountable IT property management functions within their custodial area.

- Put appropriate mechanisms and controls in place to maintain the records in the accountable IT property management system associated with the accountable IT property in their custodial area.

Audit Results

ITD needs to fully implement policies and improve processes as well as data and system integration to support sound decision-making and oversight. We found that ITD had not properly identified and recorded all IT accountable assets. As ITD continuously struggles to align inventory with a sound inventory management system, AOC will not achieve adequate levels of assurances that all accountable IT property was incorporated and accurately recorded on their inventory database.

Improve Database Accuracy and Completeness

The Cireson database used to track accountable IT property was inaccurate and incomplete. We reviewed a total of 4,801 assets in the Cireson database to determine whether the database identified its location and status. We found the following:

- 2,247 assets had a location and status (deployed, in research, in stock, ordered or received),
- 1,853 assets had no location,
- 685 assets had no status,
- 16 assets were duplicated.

We also reviewed the 1,585 of 4801 assets showing “listed in stock” and found 1,038 assets had no asset tag numbers associated with them. The remaining 547 assets had asset tag numbers.

Further supporting our determination that ITD needs to update inventory records, we traced 94 assets from inventory records to the physical locations across AOC. Our results revealed that 30 assets could not be located, eight assets were “in research” and 42 assets could not be identified using the Cireson iPhone Barcode application. IT assets labeled “in research” are items that ITD had exhausted all investigative efforts to find.

AOC Order 8-4, Accountable IT Property states, “All AOC accountable IT property will be verified and recorded in the accountable IT property management system when its shipment is initially received by [ITD]. This system is the official record of AOC accountable IT property. The accountable IT property management system (Cireson) will capture the following data at a minimum:

- AOC barcode identification tag number
- Manufacturer's serial number
- Manufacturer's name

- Model number
- Physical location or indicator, if mobile
- Person responsible for the property.”

The errors we noted were due to inaccurate, missing or incomplete information. ITD continues to work with jurisdictions to implement the requirements of AOC Order 8-4, which establishes the appointment of jurisdiction staff to track and account for IT assets. ITD staff took immediate action to fix errors, stating a number of anomalies occurred when transferring information from the old systems (Heat and TechAssets) into Cireson and were currently working on scrubbing the database. ITD begun the lengthy process of creating a comprehensive IT accountable property database and will continue to work with the jurisdiction to identify, delete, and modify IT accountable property records.

Recommendation

ITD should:

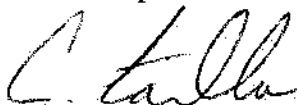
- Strengthen the recording process to increase the accuracy and completeness of the Cireson inventory database.

AOC Comment: Concur. The AOC is developing more detailed procedures for inventory tasks, including the recording of applicable data in the Cireson inventory database. Additionally, in accordance with AOC Order 8-4, Accountable IT Property, jurisdictions will perform complete physical inventories at least annually and reconcile any discrepancies with the property record. The IT Property Manager will also perform periodic self-governance audits to verify property records.

- Fully implement AOC Order 8-4 to assign IT Accountable Property Officers responsible for overall accountability to improve tracking, oversight and reconciliation processes for managing accountable IT property.

AOC Comment: Concur. The AOC will ensure that all jurisdictions and offices have assigned an IT Accountable Property Officer. The AOC will provide training to those assigned.

Final Report issued on May 8, 2017 by



Christopher P. Failla
Inspector General

AOC RESPONSE



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May 3, 2017

Christopher P. Failla
Inspector General
Architect of the Capitol
499 South Capitol Street, SW, Suite 518
Washington, DC 20515

Dear Mr. Failla:

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG) Draft Report, A-2017-01, Audit of Information Technology (IT) Property Accountability.

The AOC's comments concerning the report's conclusions and recommendations are as follows:

OIG Recommendation 1: Strengthen the recording process to increase the accuracy and completeness of the Cireson inventory database.

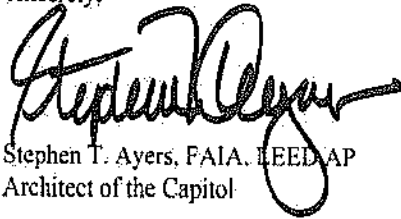
AOC Comment: Concur. The AOC is developing more detailed procedures for inventory tasks, including the recording of applicable data in the Cireson inventory database. Additionally, in accordance with AOC Order 8-4, Accountable IT Property, jurisdictions will perform complete physical inventories at least annually and reconcile any discrepancies with the property record. The IT Property Manager will also perform periodic self-governance audits to verify property records.

OIG Recommendation 2: Fully implement AOC Order 8-4 to assign IT Accountable Property Officers responsible for overall accountability to improve tracking, oversight and reconciliation processes for managing accountable IT property.

AOC Comment: Concur. The AOC will ensure that all jurisdictions and offices have assigned an IT Accountable Property Officer. The AOC will provide training to those assigned.

Thank you for the opportunity to provide comments to the draft audit report. Should you have any questions or would like to discuss the comments please contact Amy E. Johnson at 202.226.3540.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen T. Ayers". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Stephen T. Ayers, FAIA, LEED AP
Architect of the Capitol

Doc. No. 170417-02-01